

IS THE PRICE RIGHT?

Lawn care companies carefully consider charging more.

BY MARISA PALMIERI

THOUGH MANY LAWN care businesses say the time is right for a price bump (46 percent), just more than half say they'll hold steady and won't raise prices this year, according

to *Landscape Management's* Lawn Care Market Report survey. Only 2 percent say they'll decrease lawn care prices this year (see chart on opposite page).

Those who plan to increase prices will do so about 5 percent, while those who plan to decrease prices will do so less than a percent, according to the survey.

Price increases or not, companies report the lawn care application business remains profitable—with respondents to *LM's* Lawn

Care Market Report survey reporting a 25 percent profit margin on lawn care services.

North Chicago, Ill.-based Chalet raised lawn care prices 5 percent for 2013—its first increase in nine years.

"We've done a slight price increase and we haven't had a huge cancellation like we might normally get from an increase," says Bill Leuenberger, soil and turf management department manager. "Cancellations have

been about the same as a normal year—and most of those are people who are moving, so we'll follow up on those and the people who move in."

Likewise, Lawn Dawg, based in Nashua, N.H., instituted its first price increase in a decade—a 5 percent bump.

"My customer service team has had minimal push back," says owner Jim Campanella. "When they do get push back, we're not





PROFITS & PRICES



Will your company's prices for lawn care applications change in 2013 over 2012?

46%

Prices
will
increase

Prices
will
decrease
2%

Prices will
not change
52%

N=535

25

% profit made on
lawn care services

N=511

By what percent will you change prices from 2012 to 2013? N=396

6%
% increase

%
decrease
.5%

going to lose a customer over \$20 a year; keeping the business is more important. But people understand. They see the price of fuel going up every day and that we haven't had an increase in so long. They've been expecting it."

In the Florida panhandle, Banfield's Lawn Care & Landscaping has not raised prices yet in its three years in business.

"I don't really have a need to do it," says Kelly Banfield, president

and CEO. "I don't believe price increases are important as long as the business itself is growing. Of course, if the product prices really jumped you'd have to."

Lee Kral, lawn service manager for Mountain High Tree, Lawn & Landscape Co., in Lakewood, Colo., also didn't raise prices this season.

"There's definitely a lot of competition on price," he says. "A couple years ago we had to raise prices because of fertilizer costs, but I'm going to keep it steady this year, get more clients on board and then look at it next year."

Some companies find ways to selectively raise prices, like MRW Lawns in La Plata, Md. "We didn't do an across-the-board price increase this year because we did a select price increase last year," says

Rick LaNore, MRW's co-owner and technical director. "But we did raise prices on our new customers—we couldn't afford to give everyone the old prices because of fluctuating fertilizer prices."

Andrew Ziehler, president of Ziehler Lawn and Tree Care in Centerville, Ohio, typically raises prices 2 percent to 4 percent per year, and he did so this year.

"There was one year we didn't raise prices because our product costs actually went down," he says, noting that's not the case this year. His protocol is to let customers know in a letter at the end of the season if prices will rise the next year. "They have a payment option that lets them avoid the price increase if they want to. Otherwise, the increase takes effect." **LM**